

ATHLETIC DEPARTMENT  
UNIVERSITY OF LOUISIANA AT MONROE  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA



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AGREED-UPON PROCEDURES REPORT

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ISSUED JANUARY 11, 2006

**LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

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STEVE J. THERIOT, CPA  
LEGISLATIVE AUDITOR

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December 14, 2005

Independent Accountant's Report on the  
Application of Agreed-Upon Procedures

**DR. JAMES E. COFER, SR., PRESIDENT**  
**UNIVERSITY OF LOUISIANA AT MONROE**  
**UNIVERSITY OF LOUISIANA SYSTEM**  
**STATE OF LOUISIANA**  
Monroe, Louisiana

We have performed the procedures enumerated below, which were agreed to by you, as president of the University of Louisiana at Monroe (university), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the University of Louisiana at Monroe Athletic Department is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3 for the year ended June 30, 2005. University management is responsible for the Statement (unaudited) and related notes (unaudited) and compliance with NCAA requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of management of the University of Louisiana at Monroe. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

**STATEMENT OF REVENUES AND EXPENSES**

**GENERAL PROCEDURES**

1. We obtained written representations from management as to the fair presentation of the Statement, completeness of required schedules and related financial information, adequacy of controls, compliance with NCAA rules and regulations, and other information we considered necessary for the year ended June 30, 2005. We also verified the mathematical accuracy of the amounts on the Statement and agreed the amounts to supporting schedules provided by the university and the university's general ledger.

We found no exceptions as a result of these procedures.

2. We obtained an understanding and tested the specific elements of the control environment and accounting systems that are unique to the university's intercollegiate athletics program.

We detected no significant deficiencies in the control environment and accounting systems as a result of these procedures.

3. We compared each operating revenue and expense category for June 30, 2004, and June 30, 2005, to identify variances of 20% or greater between individual revenue and expense categories (line items) that are 10% or more of the total.

As a result of our procedure, we identified one variance of 20% or greater that is 10% or more of the total in the following revenue and expense accounts:

Expenses

Team travel

4. We compared the budgeted revenues and expenses to actual revenues and expenses for each operating revenue and expense category for the year June 30, 2005, to identify any variances of 20% or greater in individual revenue and expense categories (line items) that are 10% or more of the total.

As a result of our procedure, we identified one variance of 20% or greater that is 10% or more of the total in the following revenue and expense accounts:

Expenses

Contributions

**MINIMUM AGREED-UPON PROCEDURES  
FOR REVENUES**

1. Using a schedule prepared by the university, we compared the value of tickets sold for the reporting period per the schedule to the related revenue reported in the Statement. We were to agree the information on the schedule to the supporting game reconciliation for the football and basketball games with the largest ticket sales. We were to recalculate the reconciliations for the games tested.

The value of tickets sold per the schedule exceeded the related revenue reported in the Statement by \$8,503.

We were unable to determine the number of football tickets sold or the denominations and as a result we were unable to perform the reconciliation procedures for the football game tested.

We were unable to determine the number of basketball tickets printed since the university did not generate an event report, which indicates the number and types of tickets printed. As a result, we were unable to perform the reconciliation procedures for the basketball game tested.

2. We selected the away game with the largest game guarantee settlement and agreed the amount to the general ledger and to the settlement report. We recalculated the totals on the settlement report.

We found no exceptions as a result of these procedures.

3. We compared the indirect institutional support recorded by the university during the period with state appropriations, institutional authorizations and/or other corroborative supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

4. We compared the direct institutional support recorded by the university during the period with state appropriations, institutional authorizations and/or other corroborative supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

5. We obtained and inspected agreements related to the university's participation in revenues from NCAA/Conference tournaments during the period to gain an understanding of relevant terms and conditions. We compared and agreed related revenues to the general ledger and the Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

6. We obtained and inspected agreements related to the university's participation in revenues from royalties, advertisements, and sponsorships during the period to gain an understanding of relevant terms and conditions. We compared and agreed related revenues to the general ledger and the Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

7. We selected one operating revenue receipt from each category not previously mentioned above and agreed to adequate supporting documentation.

We found no exception as a result of this procedure.

**MINIMUM AGREED-UPON PROCEDURES  
FOR EXPENSES**

1. We selected a sample of four students from the listing of university student aid recipients and obtained individual student-account detail for each selection and compared total aid allocated from the related aid award letter to the student's account. We recalculated the totals.

We found no exceptions as a result of this procedure.

2. We obtained and inspected the largest contractual agreement pertaining to expenses recorded by the university from a guaranteed contest during the period and agreed the related expenses to the university's general ledger and Statement. We recalculated the totals.

We found no exceptions as a result of this procedure.

3. We obtained from management a list of coaches and support staff/administrative personnel paid by the university and examined the contracts for the head coaches from football, men's and women's basketball, and two support staff/-administrative personnel. The following procedures were performed:

- a. Compared and agreed the financial terms and conditions of each head coach selected to the related coaching salaries, benefits, and bonuses recorded by the university and related entities in the Statement
- b. Obtained and inspected W-2s for each selection
- c. Compared and agreed related W-2s for each selection to the related salaries and benefits paid and recorded by the university and reported in the Statement

No bonuses were paid and we found no exceptions as a result of these procedures.

4. Using a list prepared by the university, we were to select the athletic employee who received the highest severance payment and agree the severance pay to the related termination letter or employment contract. We were to recalculate the totals.

We found no athletic employees who received severance payments as defined by NCAA.

5. We obtained and documented an understanding of the university's recruiting expense policies. We compared and agreed these policies to existing university and NCAA related policies.

We found no significant differences as a result of this procedure.



6. We obtained an understanding of the university's team travel policies. We compared and agreed to existing university and NCAA related policies.

We found no significant differences as a result of this procedure.

7. We obtained and documented an understanding of the university's methodology for allocating indirect facilities support. We summed the indirect facilities support and indirect institutional support totals reported by the university in the Statement.

We found no exceptions as a result of these procedures.

8. We compared and agreed indirect facilities and administrative support reported by the university in the Statement to the corresponding revenue category (indirect facilities and administrative support) reported by the university in the Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

9. We selected one operating expense from each category not previously mentioned above and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

**MINIMUM AGREED-UPON PROCEDURES  
FOR NOTES AND DISCLOSURES**

1. We obtained from management a list of contributions received by the athletic department to identify any individual contributions that constitute more than 10% of the total contributions.

No individual contributions were received that exceeded 10% of the total contributions.

2. We obtained a schedule of total intercollegiate athletics capitalized assets, additions and improvements of facilities by type along with a description of the university's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets.

We were provided the capital asset information by management (note 2).

3. We agreed the capital asset schedule to the university's general ledger. We were to select and agree any capitalized addition that was greater than 10% of total capital additions and agree recorded cost to adequate supporting documentation.

We had no exceptions when agreeing the capital asset schedule to the university's general ledger. We found no intercollegiate athletics capitalized additions that were greater than 10% of total capital additions.

**MINIMUM AGREED-UPON PROCEDURES FOR  
AFFILIATED OUTSIDE ORGANIZATIONS**

1. We obtained written representations from management of the university that the University of Louisiana at Monroe Indian Athletic Foundation, Incorporated, was the only outside organization created for or on behalf of the athletic department.
2. We obtained from management a summary of revenues and expenses for or on behalf of intercollegiate athletics programs by affiliated and outside organizations and written representations as to the fair presentation of the summary and agreed the amounts reported to the university's general ledger or the outside organization's independent audit report.

We found no exceptions as a result of these procedures.

3. We obtained an understanding and tested the university's procedures for gathering information on the nature and extent of affiliated and outside organizational activity for, or on behalf of, the university's intercollegiate athletics program.

We found no deficiencies in the design of the university's procedures for gathering information on the nature and extent of affiliated and outside organizational activity for, or on behalf of, the university's intercollegiate athletics program.

4. We obtained the independent auditor's report for all outside organizations to identify any reportable conditions relating to their internal control and made inquiries of management to document any corrective action taken in response to the reportable conditions.

The financial statements of the University of Louisiana at Monroe Indian Athletic Foundation, Incorporated, were audited by an independent certified public accounting firm for the year ended June 30, 2005. The audit report dated August 29, 2005, included two reportable internal control conditions.

- No Controls Over Accounting and Recording of Payments in Kind
- Uninsured Deposits

We reviewed the audit report and management's corrective action plan included in the report. In addition, we made inquiries of management to determine if they were following the correction action plan. The audit report and management's corrective action plan can be obtained from the University of Louisiana at Monroe Indian Athletic Foundation, Incorporated.

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## INDEPENDENT ACCOUNTANT'S REPORT

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying Statement of Revenues and Expenses and related notes of the University of Louisiana at Monroe. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the president of the University of Louisiana at Monroe and is not intended to be, and should not be, used by anyone other than the president. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steve J. Theriot", written over a horizontal line.

Steve J. Theriot, CPA  
Legislative Auditor

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**ATHLETIC DEPARTMENT  
UNIVERSITY OF LOUISIANA AT MONROE  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA**

**Statement of Revenues and Expenses  
For the Year Ended June 30, 2005**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
<b>REVENUES</b>						
Operating revenues:						
Ticket sales	\$242,006	\$56,309	\$2,539	\$32,100		\$332,954
Guarantees	1,475,120	145,017	10,000			1,630,137
Contributions	57,563	23,201	9,375	131,920	\$773,244	995,303
Direct state or other government support	3,596				9,619	13,215
Direct institutional support			35,155	79,898	2,637,059	2,752,112
Indirect facilities and administrative support					150,530	150,530
NCAA/Conference distributions including all tournament revenues					471,394	471,394
Program sales, concessions, novelty sales, and parking	13,883	3,065	2,044	2,197	4,090	25,279
Royalties, advertisements, and sponsorships					143,772	143,772
Other					137,676	137,676
Total operating revenues	<u>1,792,168</u>	<u>227,592</u>	<u>59,113</u>	<u>246,115</u>	<u>4,327,384</u>	<u>6,652,372</u>
<b>EXPENSES</b>						
Operating expenses:						
Athletics student aid	656,533	91,774	122,958	718,507	5,819	1,595,591
Guarantees	225,000	11,500	2,200		6,255	244,955
Coaching salaries, benefits, and bonuses paid by the university and related entities	535,103	162,651	138,991	451,635		1,288,380
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	31,665			890	796,771	829,326
Recruiting	35,895	15,613	6,460	42,778		100,746
Team travel	450,921	36,231	33,229	235,383		755,764
Equipment, uniforms, and supplies	56,054	5,459	3,296	93,822	150,625	309,256
Game expenses	118,882	37,921	26,878	106,327	46,286	336,294
Fund raising, marketing, and promotion	24,793	1,707	4,502	61,318	423,360	515,680
Direct facilities, maintenance and rental	47,364	1,377	2,296	4,247	87,450	142,734
Indirect facilities and administrative support					150,530	150,530
Medical expenses and medical insurance	61,613	15,764	33,303	48,227	3,207	162,114
Memberships and dues	16,478	550	290	1,257	3,335	21,910
Other operating expenses	22,219	4,751	4,036	20,066	143,217	194,289
Total expenses	<u>2,282,520</u>	<u>385,298</u>	<u>378,439</u>	<u>1,784,457</u>	<u>1,816,855</u>	<u>6,647,569</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES</b>	<u>(\$490,352)</u>	<u>(\$157,706)</u>	<u>(\$319,326)</u>	<u>(\$1,538,342)</u>	<u>\$2,510,529</u>	<u>\$4,803</u>

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**1. CONTRIBUTIONS**

No individual contribution of money, goods or services constituted 10% or more of total contributions received by the University of Louisiana at Monroe from any outside organization, agency or individual.

**2. CAPITAL ASSETS**

The Athletic Department of the University of Louisiana at Monroe capitalizes and depreciates assets in accordance with GASB 35 and the Office of Statewide Reporting and Accounting Policies.

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and 3 to 10 years for most movable property. The athletic department follows standardized policies and procedures established by state laws and regulations for acquiring, approving, and disposing of capital assets.

Capital asset activity for the year ended June 30, 2005, is as follows:

	Balance June 30, 2004	Additions	Balance June 30, 2005
Buildings	\$21,481,975		\$21,481,975
Less - accumulated depreciation	(12,768,333)	(\$537,049)	(13,305,382)
Total buildings	<u>8,713,642</u>	<u>(537,049)</u>	<u>8,176,593</u>
Equipment	174,703		174,703
Less - accumulated depreciation	(133,549)	(10,206)	(143,755)
Total equipment	<u>41,154</u>	<u>(10,206)</u>	<u>30,948</u>
Total capital assets	<u>\$8,754,796</u>	<u>(\$547,255)</u>	<u>\$8,207,541</u>

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